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News Release

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SUNUNU JOINS SENATE COLLEAGUES IN INTRODUCING LEGISLATION TO STRENGTHEN OVERSIGHT OF FANNIE MAE & FREDDIE MAC

WASHINGTON, DC – U.S. Senator John Sununu (R-NH) today joined Senators Chuck Hagel (R-NE) and Elizabeth Dole (R-NC) in introducing legislation to strengthen and improve the oversight of the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac).

“The past year has shown the importance of sound and effective regulation in our financial markets – regulation that is critical to public integrity, market stability, and consumer confidence,” said Sununu. “This bill gives Fannie Mae and Freddie Mac a regulator with the expertise, capability, and tools to ensure their safety and soundness. By transferring the regulatory authority to a stronger independent agency within the Treasury Department, we take a major step toward bringing confidence and credibility to the oversight of these Government Sponsored Enterprises (GSE’s).”

The legislation would:

- Give the newly-titled Office of Federal Enterprise Supervision (OFES) enhanced enforcement powers much like those of other financial regulators;
- Give OFES authority to regulate the type and amount of non mission-related assets Fannie Mae and Freddie Mac can hold; and to establish a risk-based capital standard and minimum capital requirements;
- Fund OFES through assessments instead of through Congressional appropriations;
- Require several government studies, including one on the risk implications of GSEs purchasing their own mortgage backed securities, one on the feasibility of merging OFES with the Federal Housing Finance Board (FHFB), and one on the feasibility of consolidating OFES with the Office of Thrift Supervision (OTS); and,
- Give OFES regulatory oversight of Fannie Mae and Freddie Mac.

The legislation, entitled “The Federal Enterprise Regulatory Reform Act of 2003,” is sponsored by Hagel with Sununu and Dole as original co-sponsors. All are members of the Senate Banking Committee.